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ABSTRACT

This primer introduces the basics of Program Management and Budgeting (PMB) in an effort to demonstrate how PMB can benefit school systems. Short quotes from previous publications on the topic are paired with cartoons designed to clarify the purposes and workings of the program. The publication begins by defining PMB as an alternative financial system designed to help local school system administrators make better decisions on how to spend school funds and to determine the effects of those decisions. It emphasizes the importance of classifying and outlining all activities and identifying the cost of every program and every facet of every program. The publication also highlights the component of PMB that provides an opportunity for the community to have a voice in deciding what programs should be provided. (JM)

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A PMB PRIMER

EA 011 494

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TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC) AND USERS OF THE ERIC SYSTEM."

Program Management and Budgeting is not new and has been tested successfully in many parts of the country in a variety of management settings. PMB was first introduced to Alabama when, in April, 1973, the Alabama Education Study Commission began work to identify the existing planning, management and budgeting capabilities of the State's educational systems. The purpose of this endeavor was to develop a program management and budgeting system which would be of immediate benefit to Alabama schools in helping them to refine existing management practices and institute more effective budgeting procedures at the local level.

PMB Manual p. 8

Introduction

This primer illustrates how local school systems in Alabama can benefit from improved management. It is essential that we must begin to account for the resources allocated for schools in terms of output. This is not a complex task, but it does call for some fresh approaches to management and budgeting. The Program Management and Budgeting system developed by the Alabama Education Study Commission and tested in several Alabama school systems can meet the public's need for accountability as well as provide a sound structure for planning adequate educational programs for young citizens.

While the basics of PMB are contained in this primer, additional information is available in these previous publications of the Commission:

Education Program Management Budget System for Alabama School Systems, Report #21, August, 1976

A Manual for Development of a Program Management and Budgeting System, July, 1977

Accountability in Alabama Schools, Report #24, March, 1978.

Joe M. Dawkins, Executive Secretary

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Written and Illustrated by B. D. Whetstone and Benny Yates for the

ALABAMA EDUCATION STUDY COMMISSION

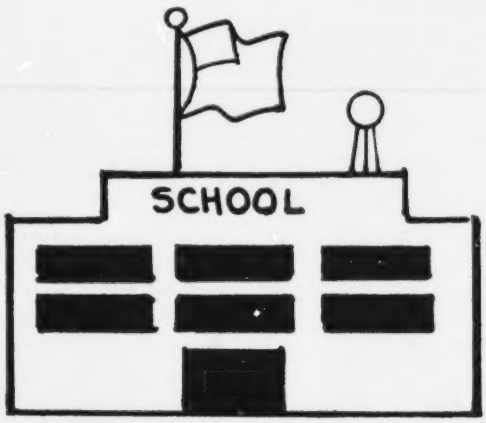
June, 1978

Each day the local school administrator, teacher, or other school official is faced with a number of delimmas which directly result from increased public expectations about what schools can or should successfully accomplish . . . For the administrator these problems are often compounded by inflexible operational procedures which hinder the education system in meeting new needs and adapting to new conditions. Among these limiting procedures are the financial and management processes presently being used in school operations.

PMB Manual p.3

Why Program Management and Budgeting?

Now....



... the School Budget

... and School Programs

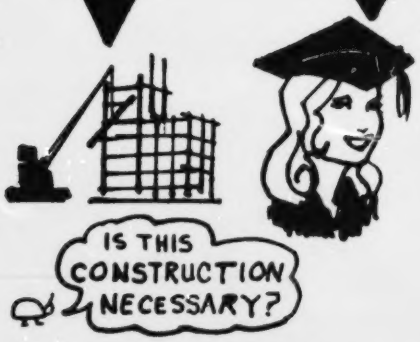
are developed and operated separately...

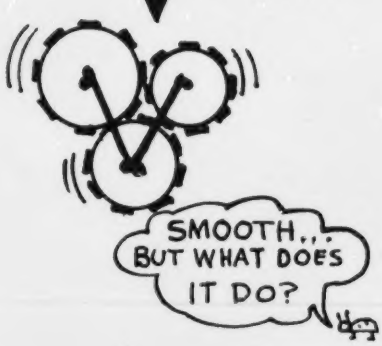
CAPITAL OUTLAY

SALARIES

OPERATIONS

ADMINSTRATION AND MANAGEMENT





... Dollars flow into major broad areas without reference to their effects on Programs. No output or performance information is provided

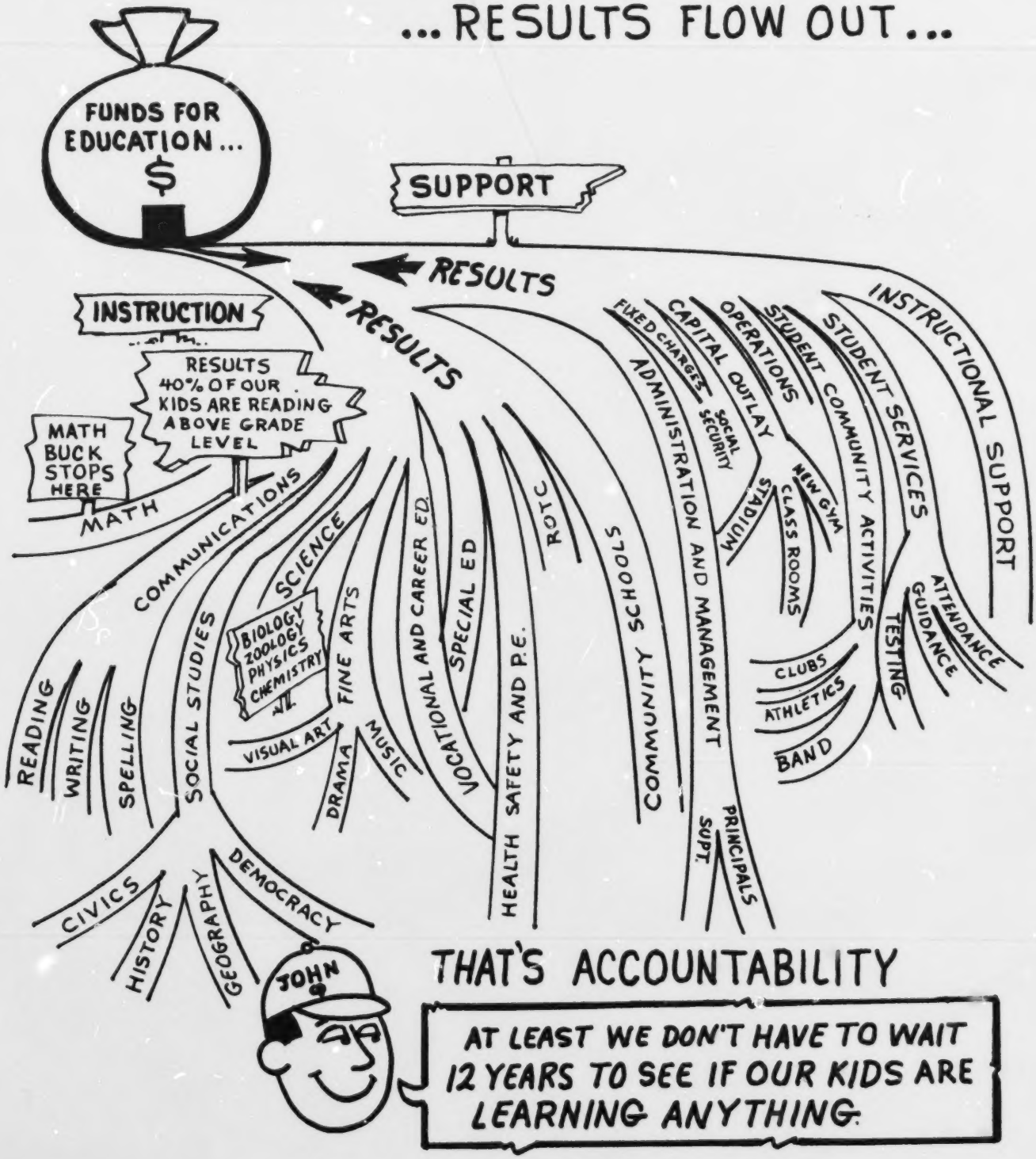
Program Management and Budgeting is an alternative financial system designed to help local school system administrators make better decisions on how to spend school funds and to determine the effects of those decisions.

PMB Manual p.3

PMB MAKES THE FLOW OF DOLLARS A TWO WAY STREET...

...AS MONEY FLOWS IN...

...RESULTS FLOW OUT...



Every dollar received by the local school system should be "tracked" from origin to expenditure and related to a particular program in the school system. Cost identification must be integrated into the program identification process so that every expenditure is accounted for. This is done by careful analysis of identified programs and attachment of actual or estimated costs to each. This task provides the basis for program budgeting and future program planning.

PMB Manual p. 17

A CONTROL IS PLACED ON EACH PROGRAM TO DETERMINE THE EFFECTS OF PUTTING X DOLLARS INTO IT

IS READING A PRIORITY?
WE NEED MORE $ FOR READING TO IMPROVE ACHIEVEMENT!
IT WILL TAKE $00,00 MORE DOLLARS TO MAKE READING
TO READING
YES READING IS A PRIORITY
MATH
ARTS

SWITCH FROM THE "GOZINTAS" TO "COME OUTTAS"
(INPUTS) (OUTPUTS)

The cost side of a program budget is "driven" by program planning -- personnel, materials and equipment needed. The program budget for a school system should be built from the bottom up. For example, the cost of the mathematic program begins with determining the cost of each math course taught in the system -- primary arithmetic, 5th grade arithmetic, algebra, geometry, etc. These costs would reflect salaries (teacher time), supplies, equipment, field trips, etc. When costs are placed alongside the objectives and activities of the math program one has developed a program description for math.

PMB Manual p. 54

THE STRUCTURE OF EACH PROGRAM IN THE SCHOOL SYSTEM IS OPEN FOR PUBLIC INSPECTION

WHAT MATH COST AT LINCOLN HIGH.... TEACHERS TIME MATERIALS IN.
HERE'S WHAT YOU GET FOR YOUR MONEY
LINCOLN SCHOOL
ACTIVITIES IN MATH ALGEBRA 7 8 9 GRADES BASIC IN
THIS IS LINCOLN HIGH'S MATH PROGRAM-WHAT WE TRY TO DO WITH EACH STUDENT IS ASSISTIN
I DIDN'T KNOW MOST STUDENTS TAKE NO MATH AFTER... 10TH. GRADE

As resources and revenues available to the schools become more scarce it is essential that every facet of the school's operation become cost effective. Program Management and Budgeting attempts to help school personnel meet the public demands for accountability and cost effectiveness in three important ways:

- By providing additional tools to help plan and manage educational activities and resources in order to achieve their best use, consistent with community goals and educational needs.

- By providing increased and improved data from which decisions can be made.

- By helping the administration to plan more effectively for reallocation of resources necessitated by the changing needs and desires of the community.

PMB Manual p.4

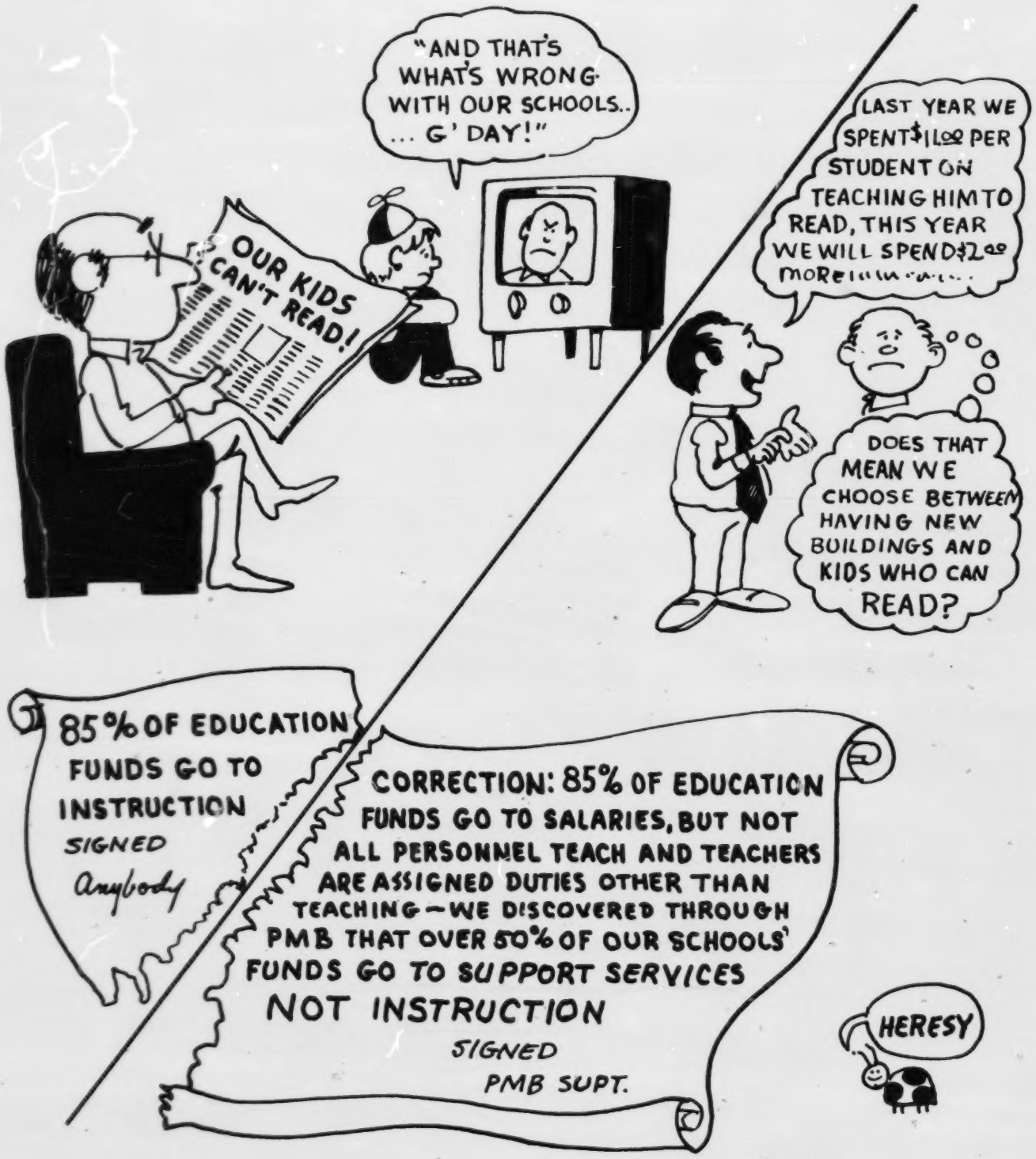
PMB DOES NOT PROVIDE MORE FUNDS TO A SCHOOL BUT IT HELPS EVERYONE PUT AVAILABLE FUNDS TO BETTER USE

The development of an educational program structure begins with an outline of all instructional and support activities being conducted in the school system. . . A program structure relates programs to each other, based on the goals and objectives to which they respond.

PMB Manual p.12

USERS OF THE ERIC SYSTEM."

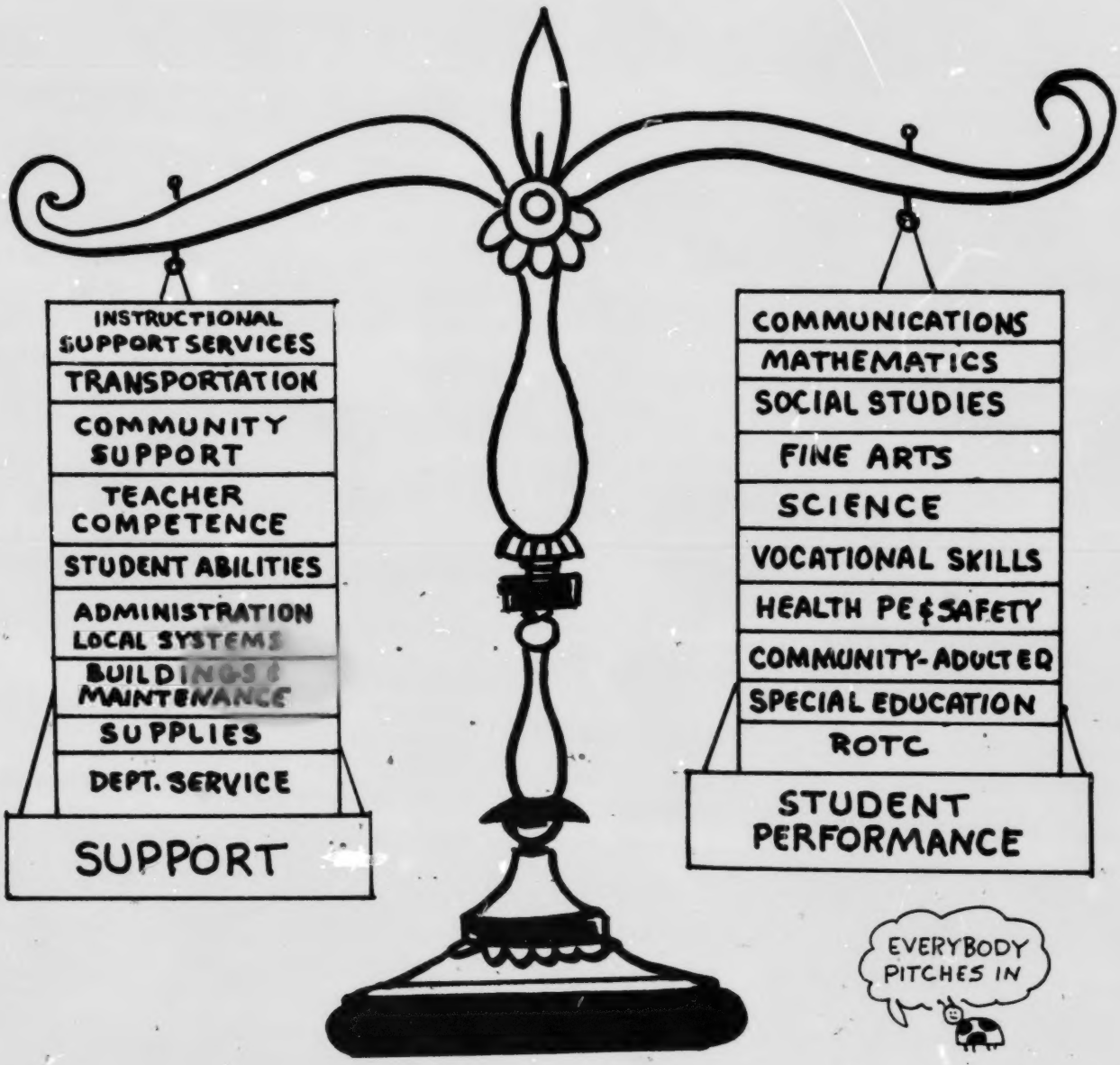
AT LAST SCHOOLS WILL HAVE CORRECT AND SUFFICIENT INFORMATION TO INTERPRET PROGRAMS TO THE PUBLIC


"AND THAT'S WHAT'S WRONG WITH OUR SCHOOLS.. ... G' DAY!"
OUR KIDS CAN'T READ!
LAST YEAR WE SPENT $1.00 PER STUDENT ON TEACHING HIM TO READ, THIS YEAR WE WILL SPEND $2.00 MORE
DOES THAT MEAN WE CHOOSE BETWEEN HAVING NEW BUILDINGS AND KIDS WHO CAN READ?
85% OF EDUCATION FUNDS GO TO INSTRUCTION
SIGNED
Anybody
CORRECTION: 85% OF EDUCATION FUNDS GO TO SALARIES, BUT NOT ALL PERSONNEL TEACH AND TEACHERS ARE ASSIGNED DUTIES OTHER THAN TEACHING — WE DISCOVERED THROUGH PMB THAT OVER 50% OF OUR SCHOOLS' FUNDS GO TO SUPPORT SERVICES NOT INSTRUCTION
SIGNED
PMB SUPT.
HERESY

Planning and evaluation have never been the long suits of public service institutions, and Alabama school systems are no exception. There have been few rewards for school systems to plan and evaluate their programs. PMB provides the local school system with tools and procedures for planning and evaluation. The process of establishing systemwide goals and objectives in itself makes community members aware of what schools are trying to accomplish. Written goals provide targets for the school system and community to work toward. These targets provide for clearer direction and for criteria against which pupil, teacher, administrator and community efforts could be evaluated.

Education Program Management
Budget System for Alabama
School Systems P. 10

PMB PUTS VITAL INFORMATION NECESSARY FOR ACCOUNTABILITY IN FOCUS



IS THERE ADEQUATE SUPPORT TO PRODUCE THE KIND OF STUDENT PERFORMANCE THE CITIZENS EXPECT?

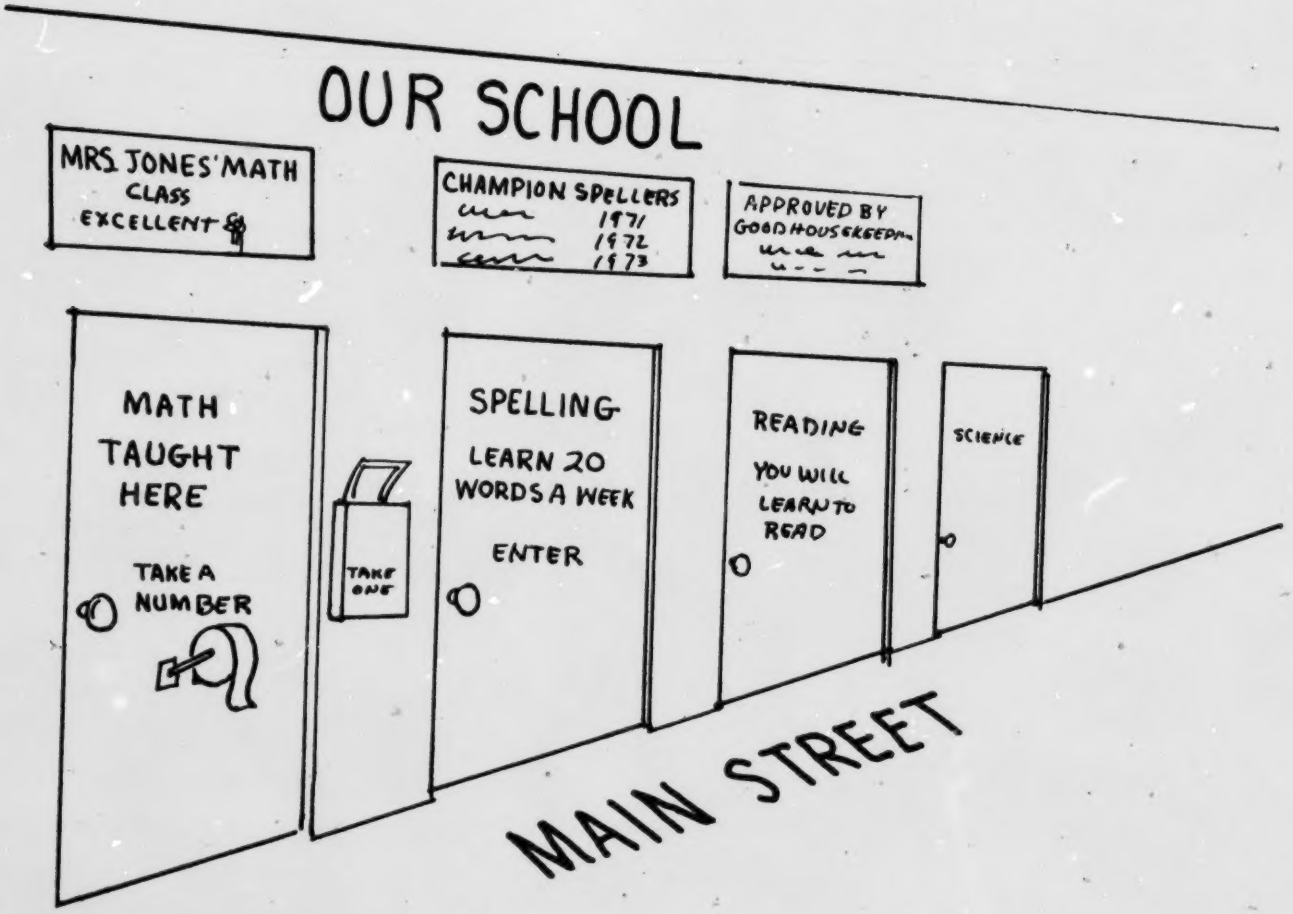
The PMB program structure classifies activities into over fifty programs, fourteen of which are in instruction. The documentation of a program requires a series of written statements developed by persons responsible for that program which answer these three questions:

1. What activities are going on in this program?
2. How much is it costing to continue those activities?
3. What results are expected from these activities?

PMB Manual p. 20

CITIZENS OFTEN SUPPORT ONLY THAT WHICH IS VISIBLE IN EDUCATION....

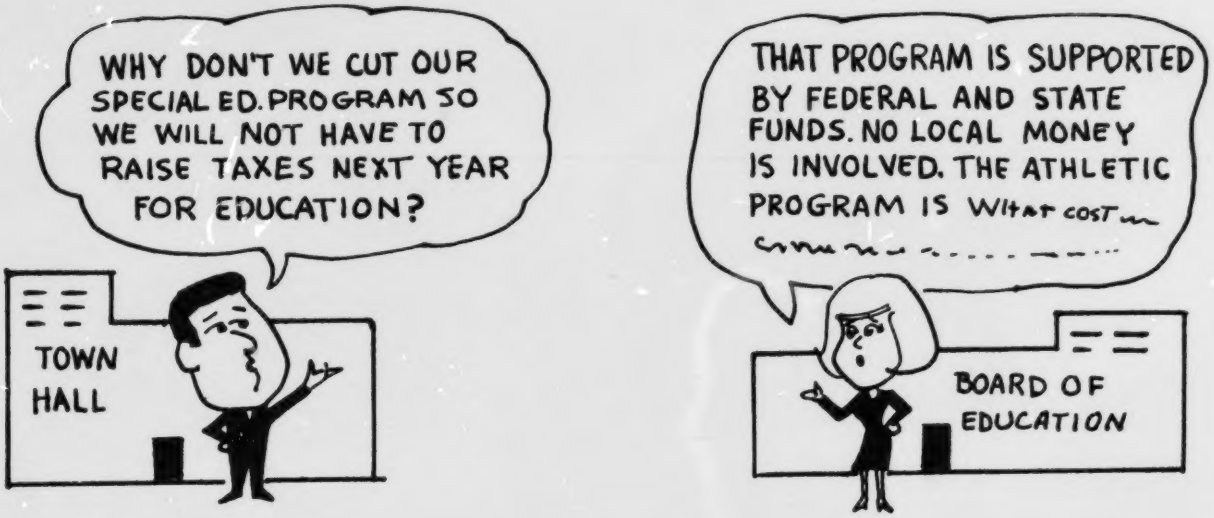
PMB GIVES VISIBILITY TO ALL PROGRAMS

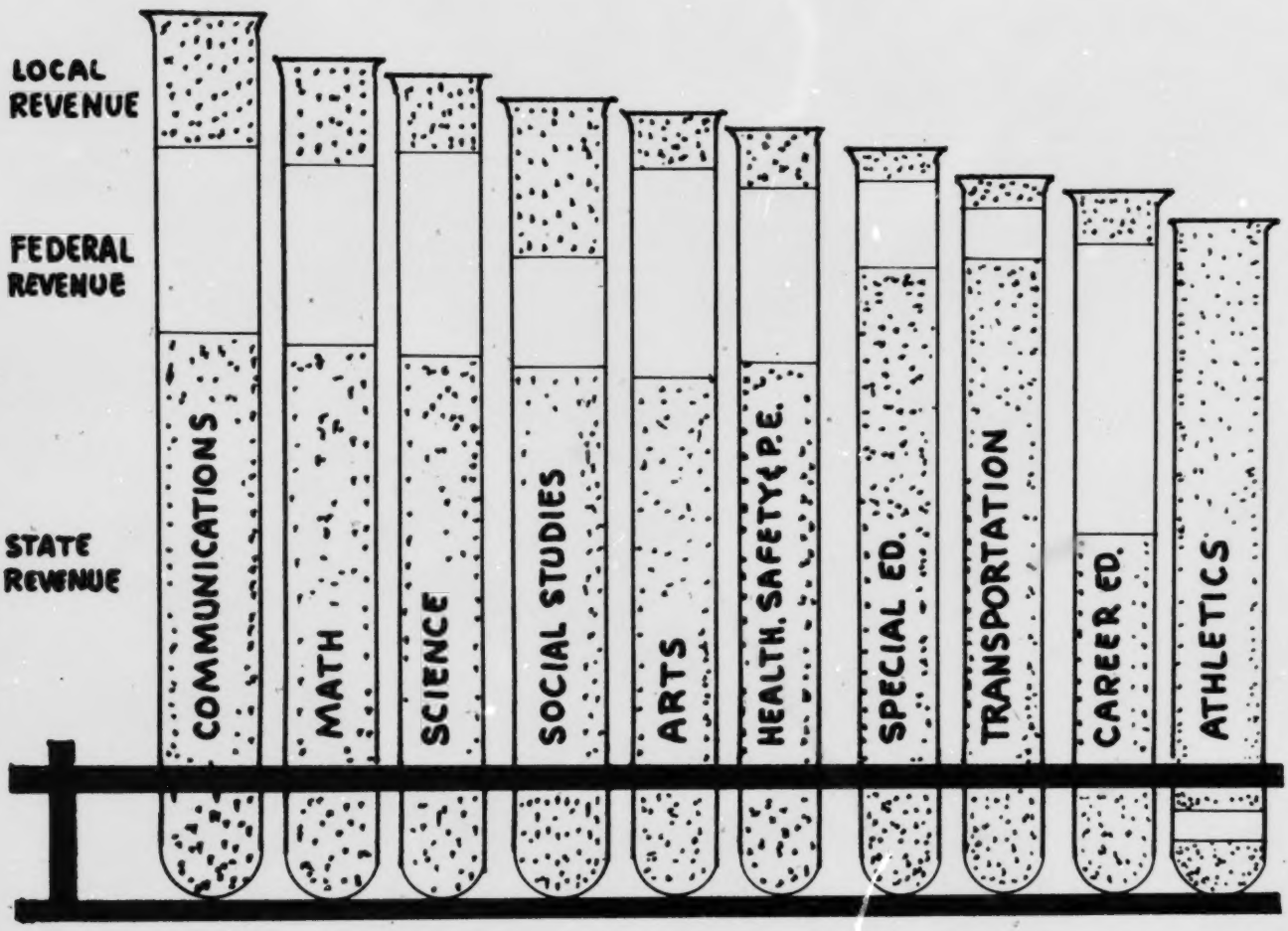


PMB calls for an estimate of all sources of funds, categorized in the same manner as in the past. The major change proposed under PMB is that all funds will be traced to the program level so that the net effects of reducing or increasing revenues can be predicted with greater accuracy.

(Summarized) PMB Manual p. 90

PMB SHOWS THE SOURCES OF REVENUES FOR EACH PROGRAM


WHY DON'T WE CUT OUR SPECIAL ED. PROGRAM SO WE WILL NOT HAVE TO RAISE TAXES NEXT YEAR FOR EDUCATION?
TOWN HALL
THAT PROGRAM IS SUPPORTED BY FEDERAL AND STATE FUNDS. NO LOCAL MONEY IS INVOLVED. THE ATHLETIC PROGRAM IS WHAT COST
BOARD OF EDUCATION

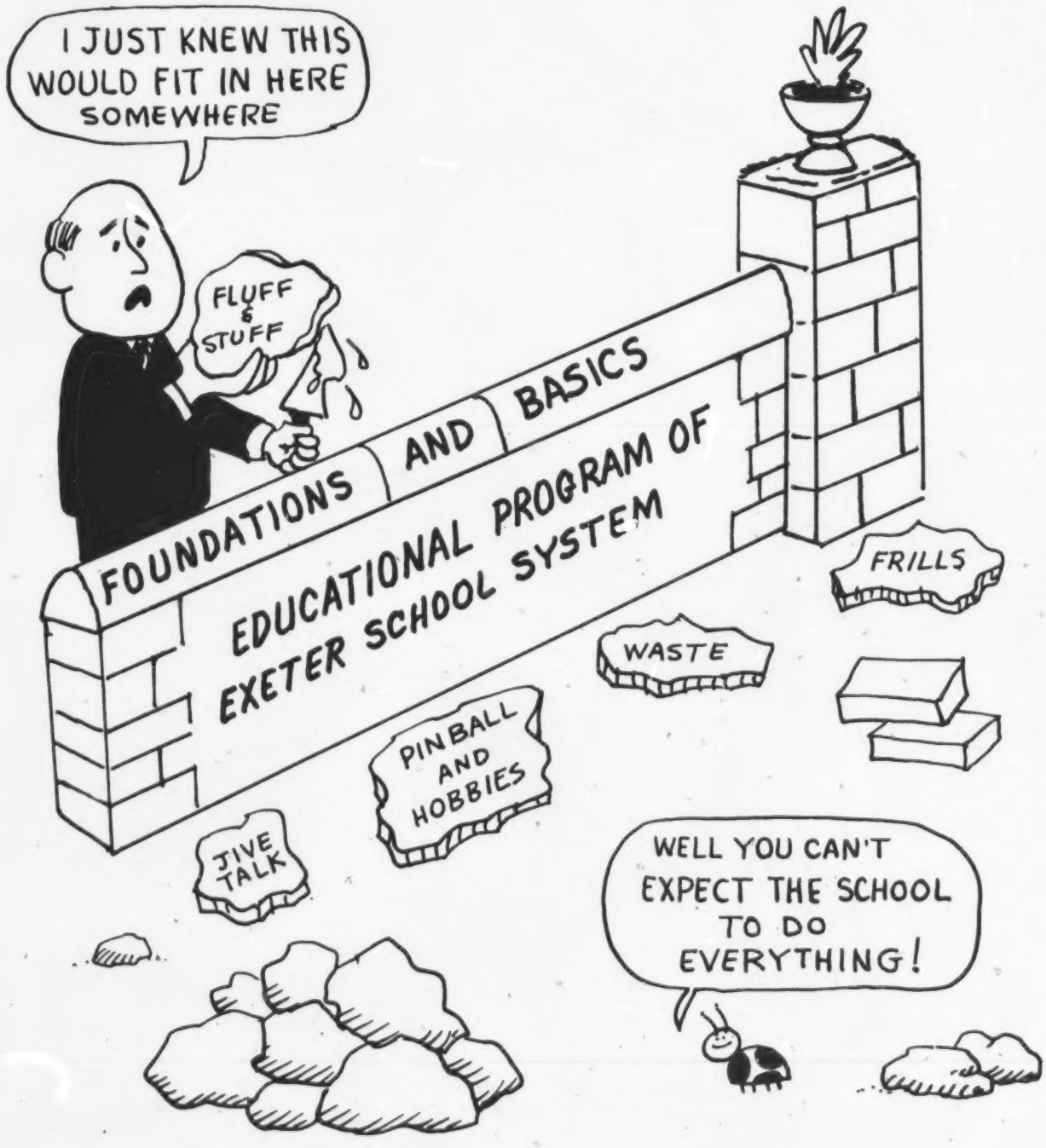


Identifying all financial data both on the revenue and expenditure side and reporting that data in a program structure is essential to valid comparison and analysis of programs. Cost identification is a simple listing of all cost areas so that actual or estimated costs may be accounted for in the administrative decision making process.

Once existing programs have been itemized and assigned dollar amounts, prioritized goals and objectives for the school system should be established as the next step in moving toward management of programs through budgeting.

PMB Manual p. 24

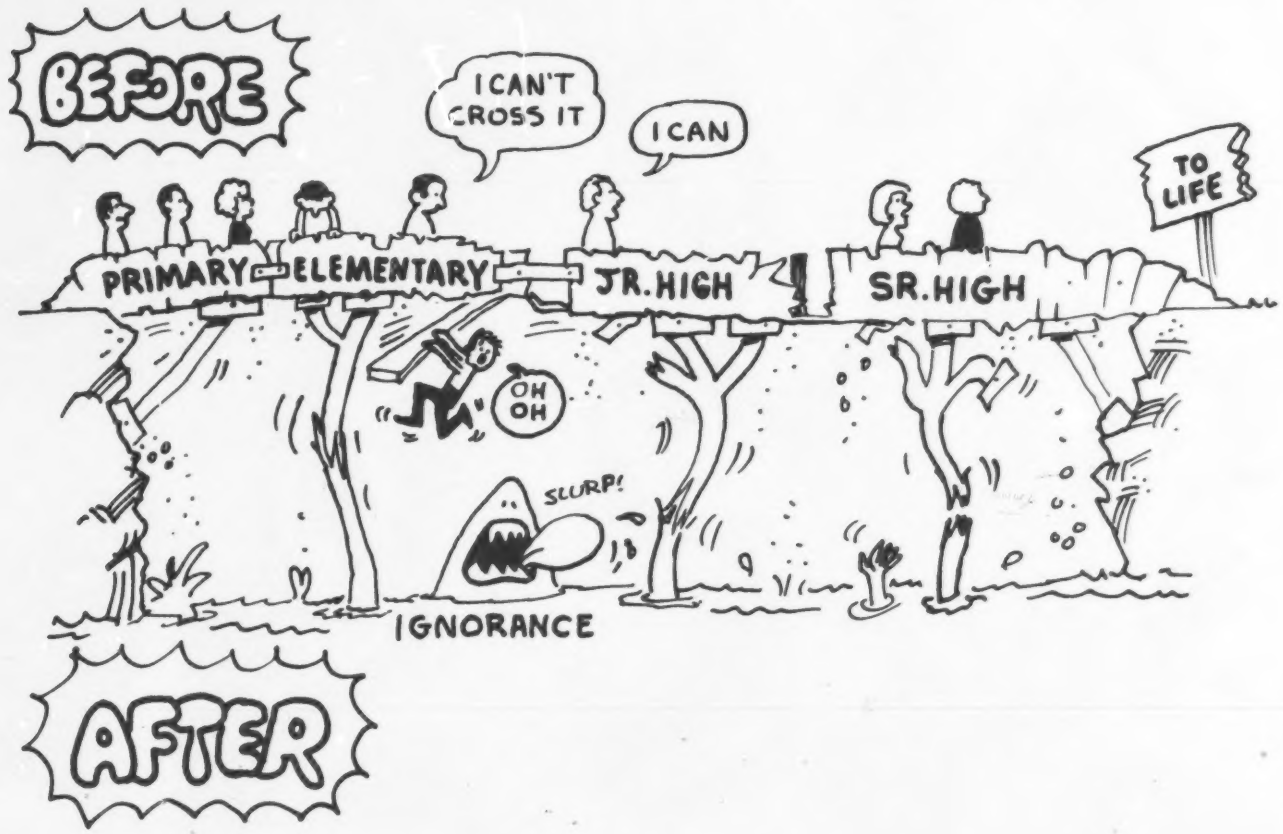
ZERO-BASED BUDGETING IS USED IN PMB... NO PROGRAM IS FUNDED UNTIL IT IS SHOWN HOW & WHERE IT FITS INTO THE TOTAL PROGRAM OF THE SCHOOL SYSTEM

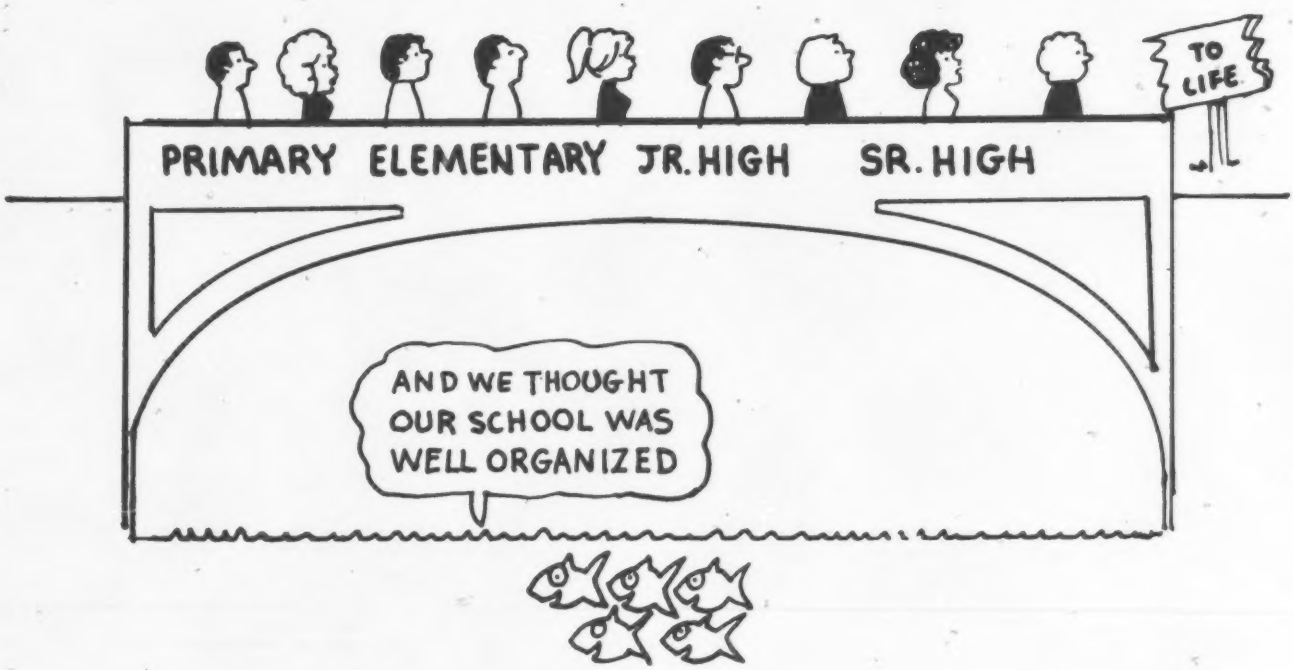

I JUST KNEW THIS WOULD FIT IN HERE SOMEWHERE
FLUFF & STUFF
FOUNDATIONS AND BASICS
EDUCATIONAL PROGRAM OF EXETER SCHOOL SYSTEM
FRILLS
WASTE
PIN BALL AND HOBBIES
JIVE TALK
WELL YOU CAN'T EXPECT THE SCHOOL TO DO EVERYTHING!

There are three types of resources available to the principal: personnel, supplies and facilities. An effective principal will organize these resources to provide a cost effective delivery system to students. The delivery of resources to students and the resulting feedback constitute the major part of program management. It is reasonable to expect, then, that a principal should spend the major part of his/her time maintaining the delivery of instructional and support services to students.

PMB Manual p. 53

PMB HELPS PRINCIPALS AND TEACHERS TO PLAN BEYOND THE CURRENT YEAR





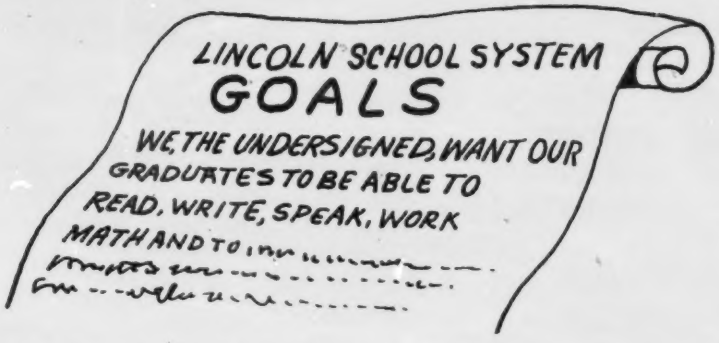
In simplest terms, program budgeting attaches costs to the specification of resources which results from program analysis and planning. The output of program planning is the input to budgeting. For example, when it is discovered that half of the fifth grade students cannot multiply simple integers, one needs to know either how much it will cost to upgrade those skills using present methods or how much alternative methods will cost.

By attaching costs to resource requirements on a program basis, the administrator is able to see immediately the fiscal ramifications of each educational program.

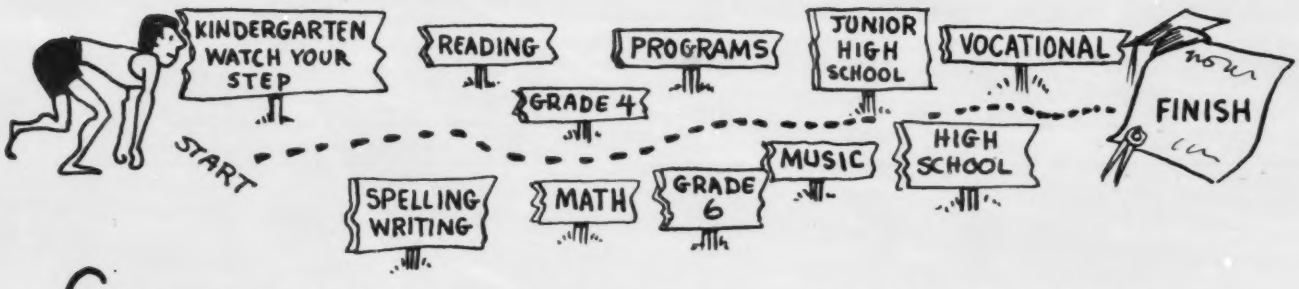
PMB Manual p. 52

PMB CAN PUT SCHOOL OPERATION ON A COST-EFFECTIVE BASIS BY:

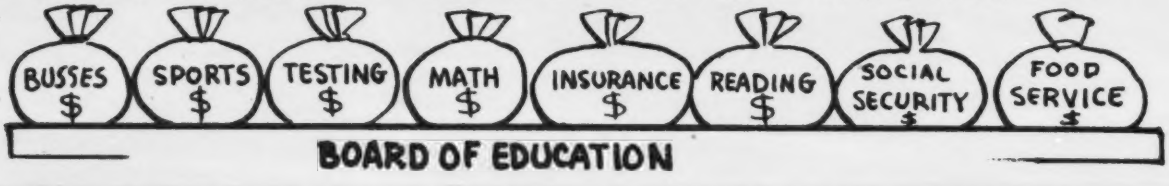
A. DEFINING THE PRODUCT



B. DEVELOPING WAYS TO CREATE THE PRODUCT



C. DETERMINING COSTS OF CREATING THE PRODUCT



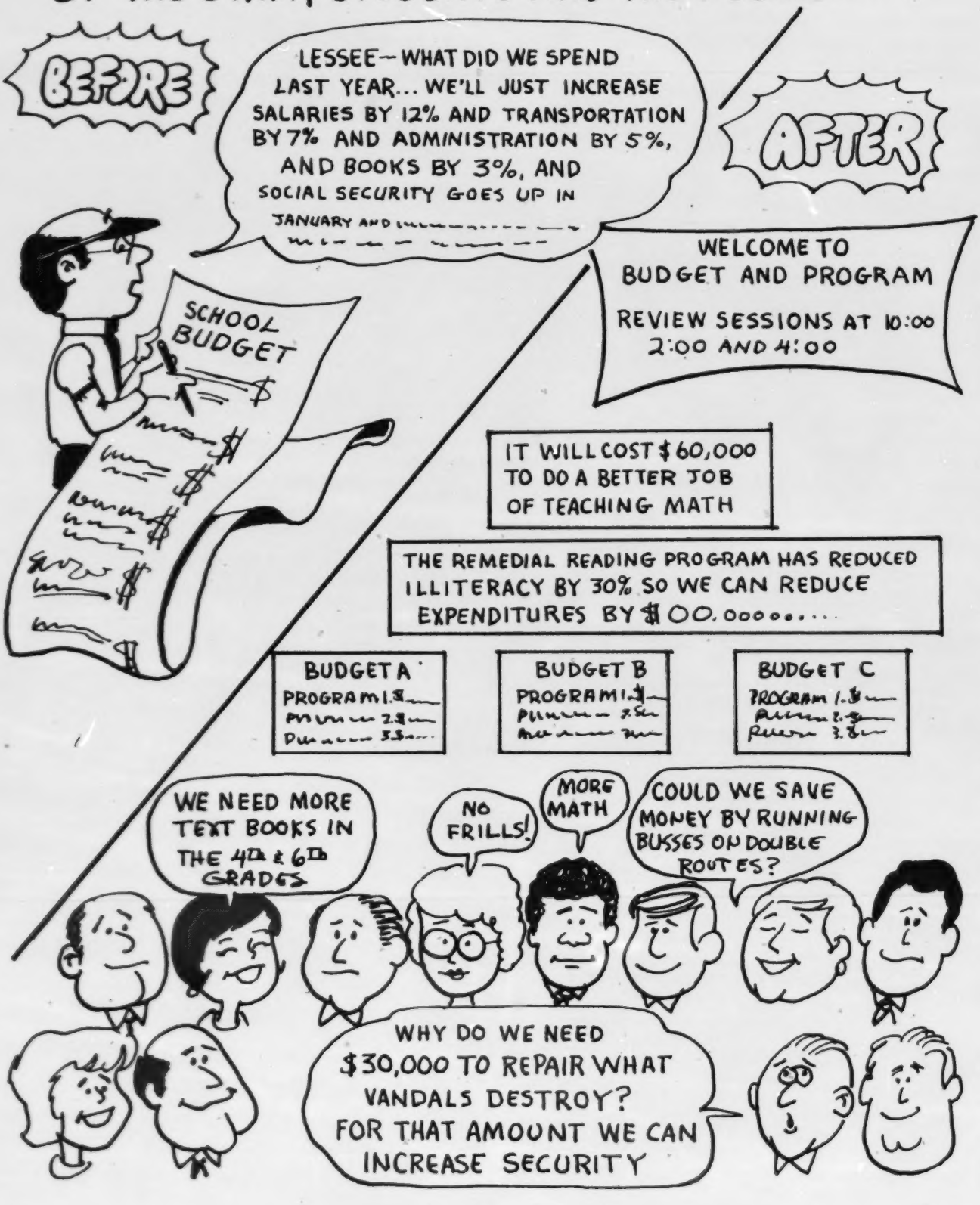
D. EVALUATING THE PRODUCT: DOES IT WORK? WHAT DID WE GET AND WHAT DID IT COST?

A program review committee is identified at each cost center. Cost centers are identified as schools. The principal is the manager of the cost center. Each principal should appoint a committee to review the programs in operation at that school. The principal of a small school may appoint a teacher and a lay person thus forming a committee of three. Large schools may wish to include more teachers, a student, and several lay persons to this committee. Advisory committees already exist in some schools and these could serve the same purpose. During the initial stages of operation the committee members will become informed of internal school operations. Later, as they receive more information and understand the program better they may become helpful in community-school relations.

PMB Manual p. 100

29

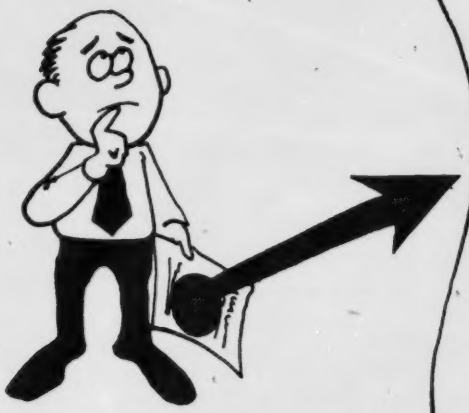
BUDGETS ARE MADE AFTER PARTICIPATION BY THE STAFF, STUDENTS AND THE PUBLIC


BEFORE
LESSEE—WHAT DID WE SPEND LAST YEAR... WE'LL JUST INCREASE SALARIES BY 12% AND TRANSPORTATION BY 7% AND ADMINISTRATION BY 5%, AND BOOKS BY 3%, AND SOCIAL SECURITY GOES UP IN JANUARY AND
SCHOOL BUDGET
AFTER
WELCOME TO BUDGET AND PROGRAM REVIEW SESSIONS AT 10:00 2:00 AND 4:00
IT WILL COST $60,000 TO DO A BETTER JOB OF TEACHING MATH
THE REMEDIAL READING PROGRAM HAS REDUCED ILLITERACY BY 30% SO WE CAN REDUCE EXPENDITURES BY $100,000....
BUDGET A
PROGRAM 1.
BUDGET B
PROGRAM 1.
BUDGET C
PROGRAM 1.
WE NEED MORE TEXT BOOKS IN THE 4TH & 6TH GRADES
NO FRILLS!
MORE MATH
COULD WE SAVE MONEY BY RUNNING BUSSES ON DOUBLE ROUTES?
WHY DO WE NEED $30,000 TO REPAIR WHAT VANDALS DESTROY? FOR THAT AMOUNT WE CAN INCREASE SECURITY

Based on the three-year pilot project it may be concluded that program management and budgeting can become an effective alternative financial system for local school systems in Alabama. Not only does this system help school personnel make better decisions, it helps taxpayers know where their tax dollars for education are going. This project has shown that school personnel can meet public demands for accountability and cost effectiveness.

PMB ALLOWS EDUCATORS AND SCHOOL BOARD MEMBERS TO SAY SOME THINGS TO THE COMMUNITY THEY HAVE BEEN TRYING WITH LITTLE SUCCESS TO SAY!

WITHOUT PMB



ANNUAL REPORT TO THE BOARD
WE HAVE HAD A SUCCESSFUL YEAR OF INTEGRATING PERSONAL AND SOCIAL CONCEPTS INTO MEANINGFUL WHOLES. MANY OF OUR TEACHERS HAVE HELPED STUDENTS TO MANIFEST CONGRUENT RELATIONSHIPS THROUGH IMPROVED CONCEPTULIZATION OF THE FELT NEED FOR LITERACY AND COMPUTATIONAL AFFINITY. WE NEED $50,000 TO DO IT AGAIN.

WITH PMB

TOWN CRIER

SCHOOL REPORT

1. INCIDENCES OF VANDALISM REDUCED BY 20% THIS YEAR BY IMPROVING TEACHING OF CITIZENSHIP GRADES 5-7

COST OF IMPROVED TEACHING	$5,000
VANDALISM REDUCTION	$8,000
SAVINGS	$3,000

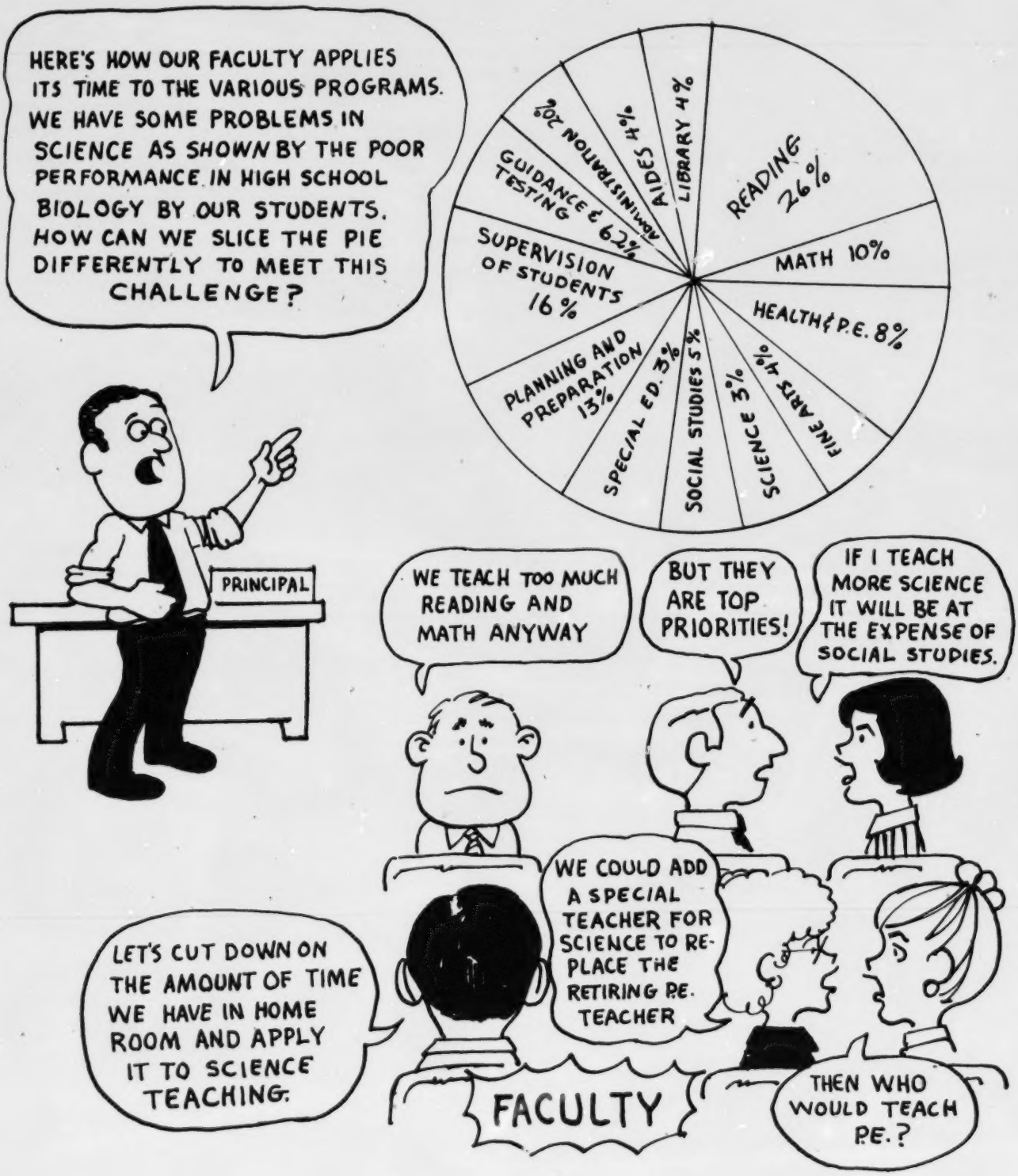
2. 15% MORE STUDENTS PASSED THE ADULT LITERACY TEST THIS YEAR THAN LAST YEAR IN THE 6TH GRADE. THIS INCREASED COST $12,000 IN MORE STAFF TIME AND MATERIALS; A COST OF $70.00 MORE PER STUDENT THAN LAST YEAR!

3. MATH ACHIEVEMENT REMAINS THE SAME THIS YEAR ALTHOUGH $6,000 ADDITIONAL FUNDS WERE PROVIDED.

From examining teachers' scheduling, it is clear that a significant percentage of time (40-60%) is often spent in non-instructional activities - study halls, planning, homeroom, etc. It would appear useful to identify the costs of these activities as separate programs and allocate time (and dollars) to them. This enables the administrator to identify the costs of these activities and to set specific objectives for them.

PMB Manual p. 55

PRINCIPALS CAN BECOME BETTER MANAGERS UNDER PMB....


HERE'S HOW OUR FACULTY APPLIES ITS TIME TO THE VARIOUS PROGRAMS. WE HAVE SOME PROBLEMS IN SCIENCE AS SHOWN BY THE POOR PERFORMANCE IN HIGH SCHOOL BIOLOGY BY OUR STUDENTS. HOW CAN WE SLICE THE PIE DIFFERENTLY TO MEET THIS CHALLENGE?
READING 26%
MATH 10%
HEALTH & P.E. 8%
FINE ARTS 4%
SCIENCE 3%
SOCIAL STUDIES 5%
SPECIAL ED. 3%
PLANNING AND PREPARATION 13%
SUPERVISION OF STUDENTS 16%
GUIDANCE & TESTING 6.2%
ADMINISTRATION 2%
AIDES 4%
LIBRARY 4%
PRINCIPAL
WE TEACH TOO MUCH READING AND MATH ANYWAY
BUT THEY ARE TOP PRIORITIES!
IF I TEACH MORE SCIENCE IT WILL BE AT THE EXPENSE OF SOCIAL STUDIES.
LET'S CUT DOWN ON THE AMOUNT OF TIME WE HAVE IN HOME ROOM AND APPLY IT TO SCIENCE TEACHING.
WE COULD ADD A SPECIAL TEACHER FOR SCIENCE TO REPLACE THE RETIRING P.E. TEACHER
THEN WHO WOULD TEACH P.E.?
FACULTY

PMB provides an opportunity for the community to have more of a voice in deciding what kind of program its schools should provide while also making the public more aware of some of the difficult choices facing school administrators in allocating increasingly limited resources. Taxpayers are helped to understand for what their tax dollars are being spent by increased information presented in a clear logical format.

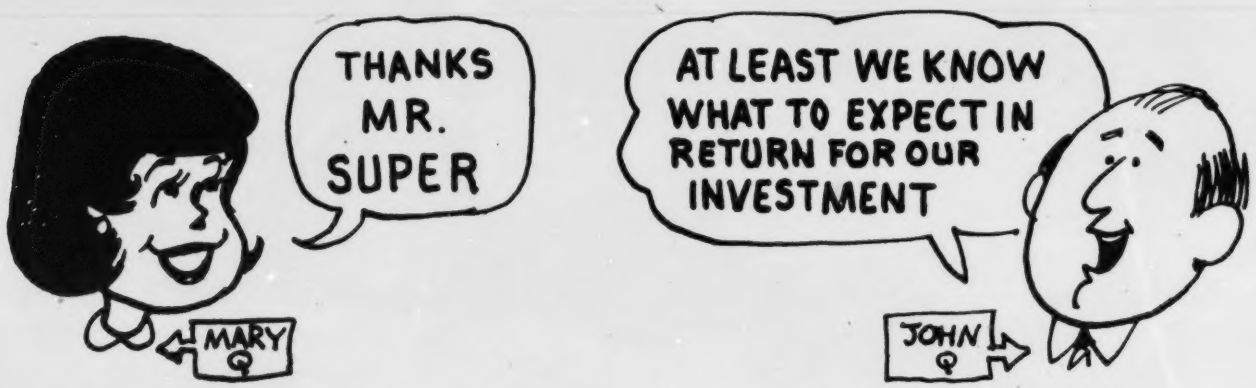
PMB Manual p. 4

THE NEED FOR ADDITIONAL PUBLIC SUPPORT CAN BE DOCUMENTED BY PMB

MR SUPER

WE NEED A 5 MILL INCREASE IN PROPERTY TAX FOR SCHOOLS
FOR WHAT?
BOO!
I NEED PROOF
SHOW ME
WHAT DO WE GET FOR IT?
CITY HALL
20% OF THE MONEY WILL BE USED TO BUILD AND MAINTAIN 5 ADDITIONAL CLASSROOMS AT Y SCHOOL
30% WILL BE USED TO UPGRADE THE TEACHING OF SCIENCE SO THAT WE CAN BEGIN TEACHING IT IN THE 3rd GRADE INSTEAD OF THE SIXTH
E=MC²
GRADE 4

25% WILL GO TO UPGRADE THE QUALITY OF TEACHING IN GRADES 1-3 IN READING AND MATH SO OUR CHILDREN CAN PERFORM AT GRADE LEVEL BY THE 4th GRADE
OUR RECORDS SHOW THAT ¼ OF OUR STUDENTS ARE ABOVE AVERAGE IN ABILITY. 25% OF THE FUNDS WILL GO TO PROVIDE ENRICHMENT FOR THEM
TEACHER OF THE GIFTED
CAREER COUNSELING



For additional information about Program Management and Budgeting contact:

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Montgomery, AL 36104